

# SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Horton Analyst: Roger Lackey Bill Number: AB 874  
Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 06-20-2001  
Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Community Development Financial Institution Investments Credit/Extend Repeal Date To January 1, 2005

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED May 10, 2001, STILL APPLIES.

OTHER - See comments below.

## SUMMARY

This bill would extend the sunset date of the Community Development Financial Institution Investments (CDFII) Credit for financial institutions.

This analysis will not address the bill's insurance tax law provisions as it does not impact the department's programs and operations.

## SUMMARY OF AMENDMENT

The June 20, 2001, amendments extended the sunset date of the CDFII credit from January 1, 2002, to January 1, 2005, for personal income taxpayers.

For personal income taxpayers, the amendments also would provide that CDFII include a private financial institution whose primary mission is helping to make affordable low-income housing available, in addition to private financial institutions whose primary mission is community development.

As a result of the amendments, the department's policy consideration that the sunset date of the credit for personal income taxpayers not be extended has been resolved. The remainder of the department's analysis of the bill as amended May 10, 2001, still applies.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

J. Brian Putler

7/3/01

## **ECONOMIC IMPACT**

### Tax Revenue Estimate

Estimates below reflect revenue losses attributed to both the PIT and B&CT Laws. Based on data and assumptions discussed below, this bill would result in revenue losses as follows.

<b>Estimated Revenue Impact of AB 874</b> As Amended 5/10/01 [\$ In Millions]		
2001-02	2002-03	2003-04
minor loss	-\$2	-\$2

Minor loss is less than \$500,000.

### Tax Revenue Discussion

The revenue impact of this bill would be determined by the amount of qualified deposits to CDFIs located within California.

Revenue losses are primarily the result of extending the expiration date an additional two-years. Maximum qualified deposits in any calendar year are still limited in the aggregate to \$10 million. By limiting qualified deposits, the maximum credits allocated in any one year cannot exceed \$2 million. Preliminary tax return data indicates taxpayers have claimed \$2 million in tax credits under the PIT and B&CT Laws for the 1999 taxable year. Nearly the full \$2 million was reported on bank and corporation tax returns.

## **LEGISLATIVE STAFF CONTACT**

Roger Lackey  
Franchise Tax Board  
845-3627

Brian Putler  
Franchise Tax Board  
845-6333